

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's First Set of Information Requests

Request No. DTE-1-11

Refer to Exh. FGE-Schedule MHC-7-19, line 13. Please explain, by way of example, how the 38.91 percent allocation was derived.

Response:

A gas and electric common cost allocation study was performed by James L. Harrison of Management Applications Consulting, Inc. A report was issued on March 28, 2002, and was included in the original filing for both gas (D.T.E. 02-24), and electric (D.T.E. 02-25) on May 17, 2002. This report shows in detail how the proposed labor allocations should be used to allocate the common plant between the gas and electric divisions. The second component is to add the common plant allocated to the gas division to the gas division plant to develop the 38.91 percent for the gas division. These studies have been included in Mr. Collin's testimony as Exhibit FGE-MHC-6 (Gas) and as Exhibit FGE-MHC-6 (Electric).

The 38.91 percent is the updated total plant allocation percentage of gas related plant to total FG&E plant balance. As discussed, there are 2 components utilized to derive this percentage. The first component is to use the direct labor allocator percentage (46.31%) as shown on Exhibit FGE-MHC-6, page 10 of 17, applied to the total common plant balance of \$6,955,214, which derives the common plant allocated to the gas division of \$3,220,751. The second component is the gas division plant balances of \$41,648,180 as shown on Exhibit FGE-MHC-6, Page 9 of 17. The sum of \$3,220,751 and \$41,648,180 divided by the total utility plant balance of \$115,313,554 results in the 38.91 percent allocation for the gas division.

The same methodology and two components can be utilized to calculate the allocation of 61.09 percent for the electric division.

Person Responsible: Mark H. Collin